

DIVERSITY AND ANALYTICS: HOW TO BUILD AND LEVERAGE DIVERSITY TO OUTPERFORM THE COMPETITION

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QUESTIONS

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QUESTION TO "ALL PANELISTS."

Agenda

- **Introduction:** Four Challenges for D&I
- **Challenge #1:** Moving from Data to Insight
- **Challenge #2:** Understanding Cultural Impediments and Opportunities
- **Challenge #3:** Developing Inclusive Leadership
- **Challenge #4:** Bringing It Together and Sustaining Change
- **Closing / Q&A**

Why Diversity and Inclusion Matters

The business case

CRITICALITY OF DRIVING PERFORMANCE AND INNOVATION

- Diverse workforces and inclusive workplaces **linked to innovation**.
- Improved culture, greater employee satisfaction and engagement, and increased discretionary effort **linked to financial performance**.

INCREASING LEGISLATION AND REGULATORY PRESSURE

- Legislation emerging in EMEA and APAC to bolster diversity.
- Increased scrutiny from enforcement agencies in the US.
- **Greater focus on pay equity and board diversity globally.**

MANAGING RISK, AND REPUTATION

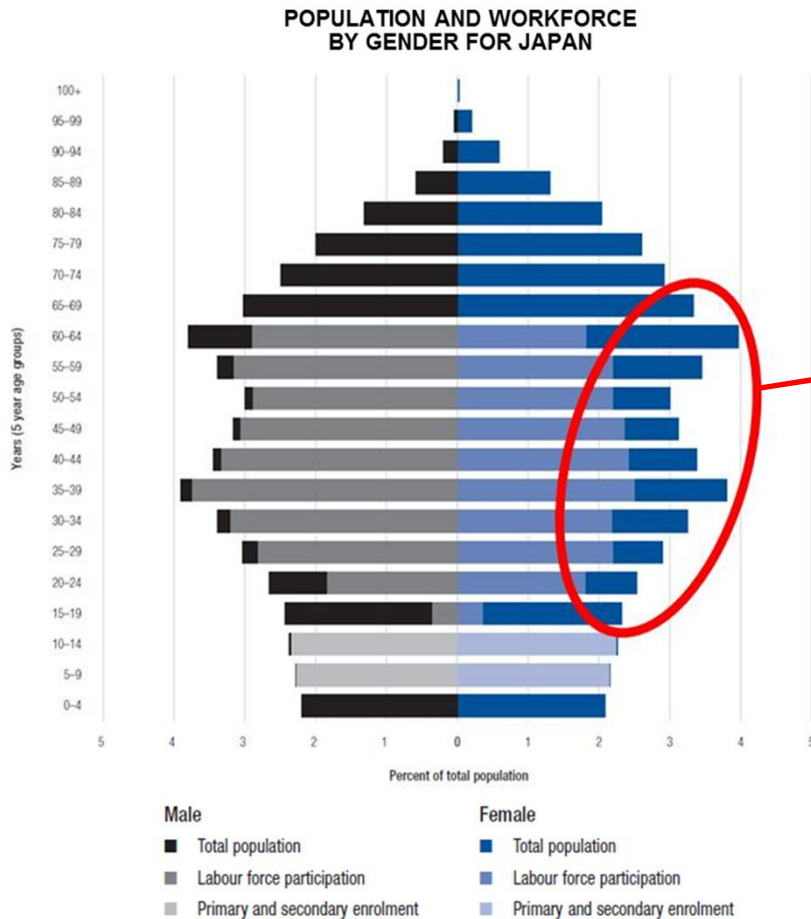
- External **pressure for transparency** from NGOs, government agencies, and watch-dog groups.
- Companies lacking D&I awareness face expensive discrimination and harassment lawsuits, lower morale, and **recruiting/consumer brand risk**.

RAPIDLY CHANGING DEMOGRAPHICS

- **Global nature of workforce** demands greater cultural competency.
- Aging population globally; **several generations in the workplace**; greater awareness of and focus on individuals with disabilities.
- **Increased purchasing power of diverse groups**, including women, minorities, and the LGBT community.

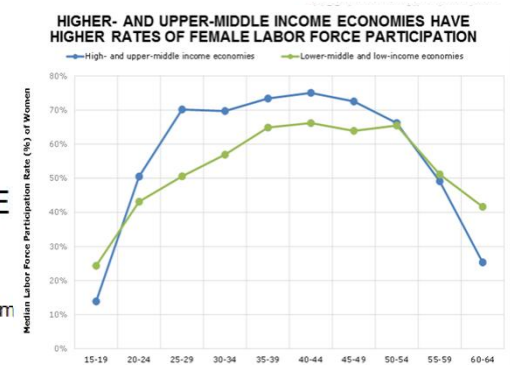
CHALLENGE #1: MOVING FROM DATA TO INSIGHT

Mercer's work with the WEF in 2013 identified significant opportunity



NEWS RELEASE

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Women participation in labor force lags men at all ages, study shows

New York, March 7, 2014

A widely released report by the World Economic Forum in collaboration with Mercer reveals females have lower labor force participation rates than males across all age groups. Throughout most of adult life, women's participation lies around the 60-70% range, whereas the percentage of male participation is in the high 80s. Globally, half of women in their late 50s are in the labor force (compared to nearly 4 in 5 men) and in their early 60's only a third are in the labor force (compared to nearly two-thirds of men). This pattern holds across geographies. These statistics are part of The Human Capital Report, www.mercer.com/hcindex, which assesses the quality of human capital across 122 countries. See Figure 1.

"The study brings to light the significant potential for societal and economic benefits of public and private policies that support women's participation in the workforce," says Patricia Milligan, Region President for North America at Mercer. "Women's skill development and workplace inclusion translates to better child health and nutrition, and is linked to increasing investments in children's education, especially for girls. At the other end of the lifecycle, the benefits are in greater retirement security and a reduced burden on family or government for support in old age."

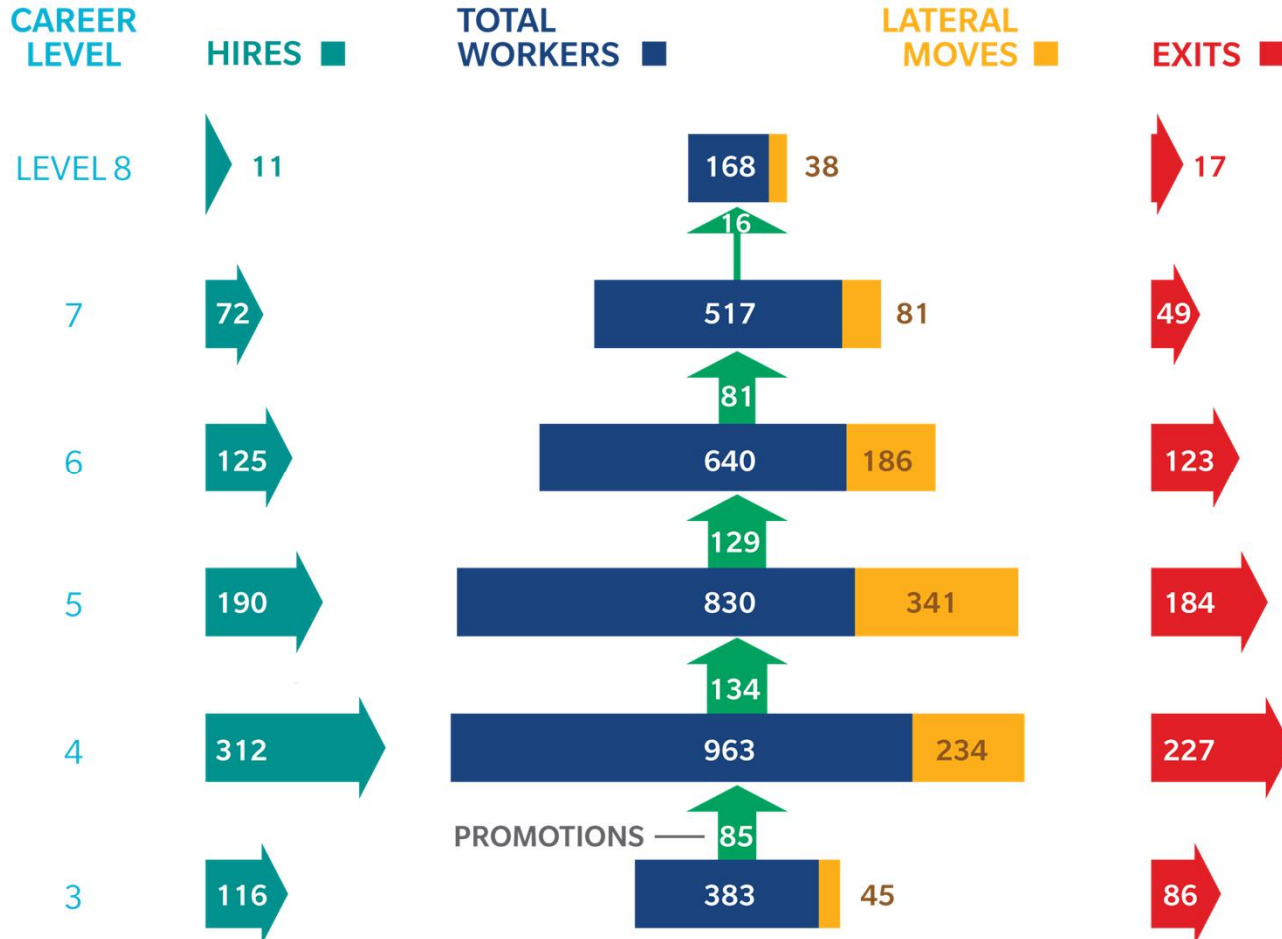
Mercer is leading a global research initiative to assess organizational success in realizing the full potential of women in their workplaces. Leveraging elements of an assessment developed by EDGE Certified Foundation, a non-profit organization that provides the only global business certification scheme for gender equity, Mercer's research will evaluate the effectiveness of organizations in driving value through four actionable pillars: talent management, employee health, compensation and wealth, and culture.

Source: The Human Capital Report/WEF 2013

Look Inside: The Internal Labor Market (ILM) Analysis[®] Perspective

An ILM map represents the flow of people into, through, and out

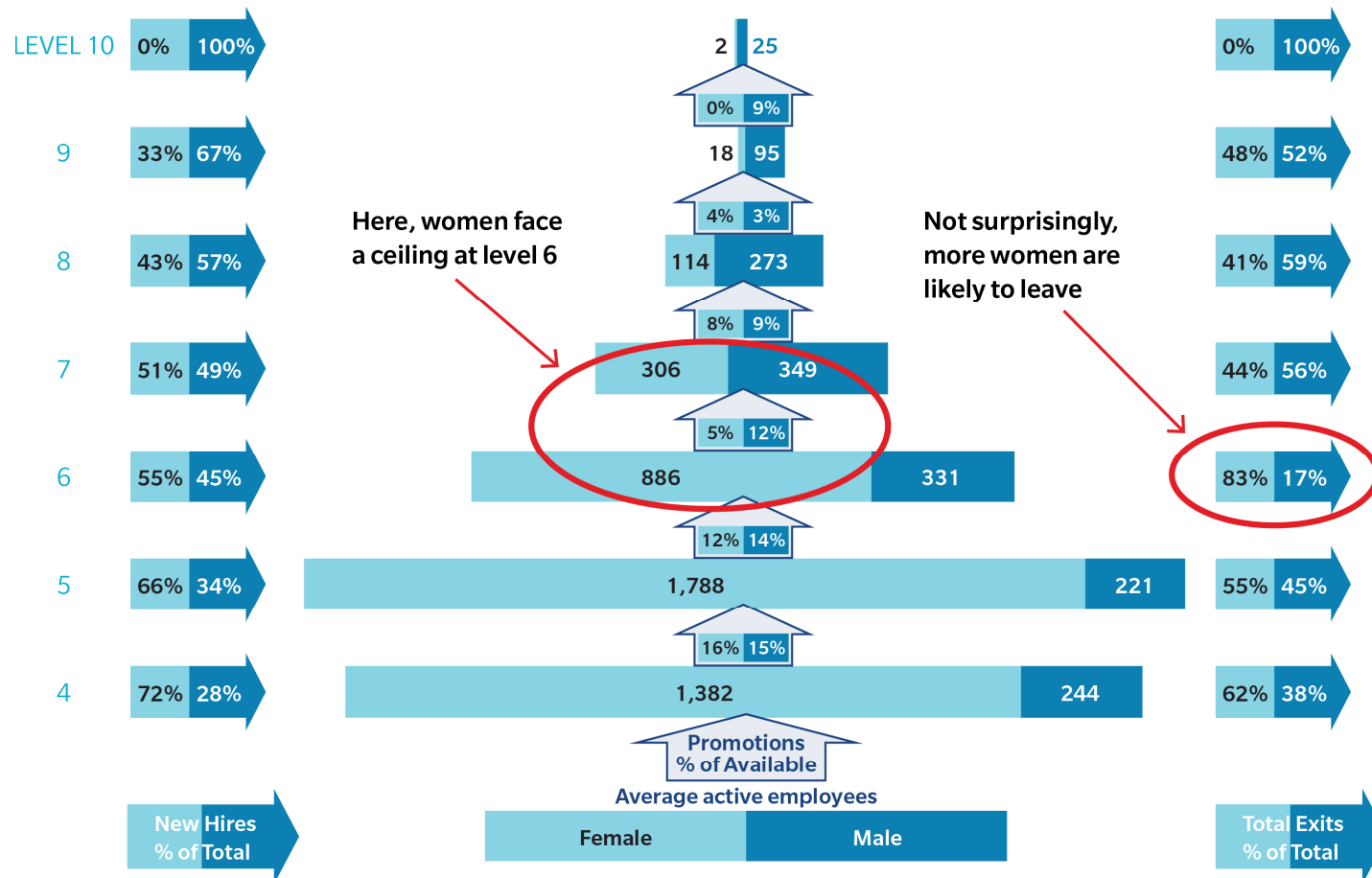
CLIENT EXAMPLE



ILM Maps Can Target Particular Workforce Segments

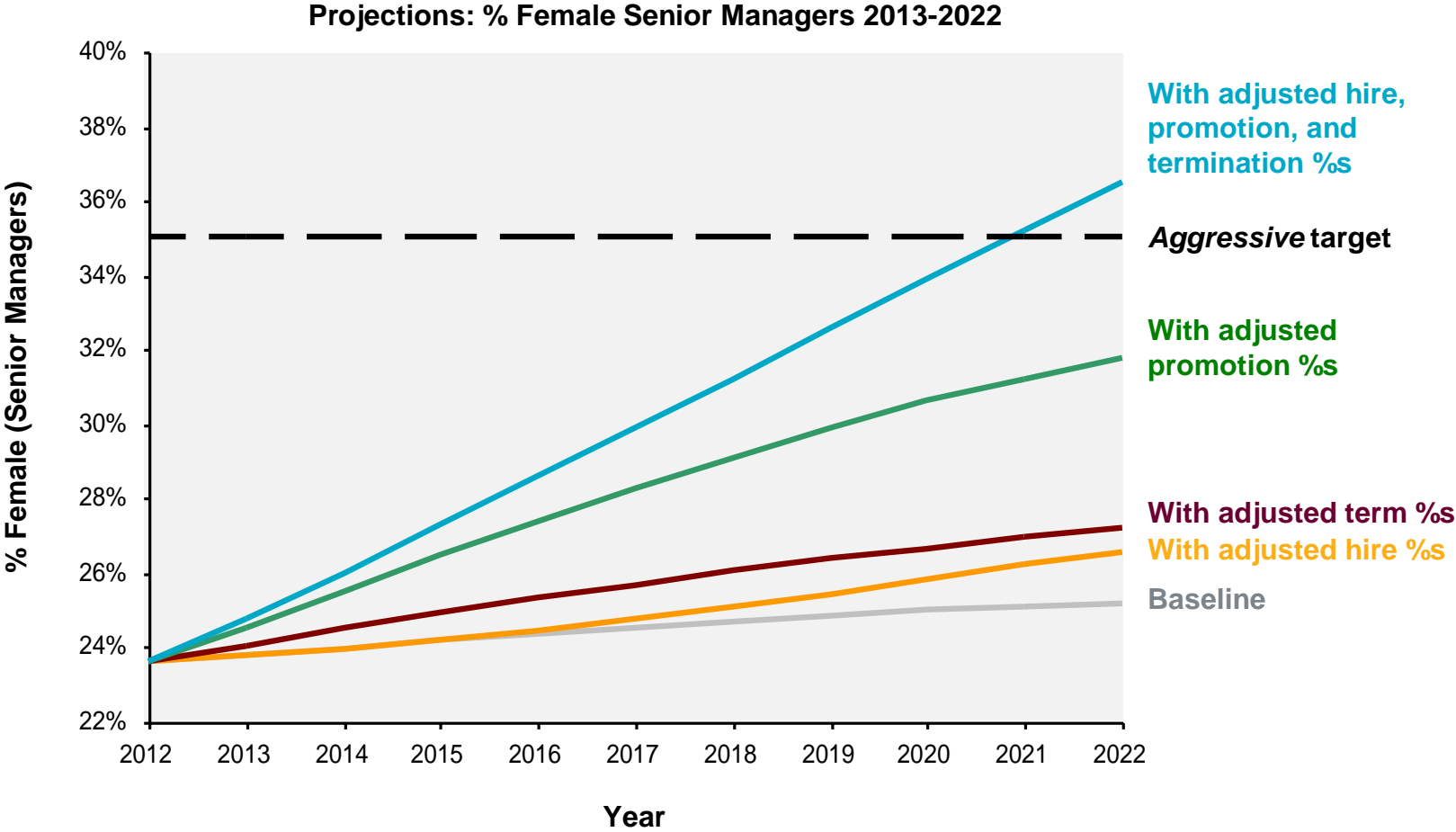
In this case, gender

CLIENT EXAMPLE



ILM map illustrating the flow of female talent (as a key talent segment) — women face a “glass ceiling” between levels 6 and 7 and leave the company in high numbers at level 6.

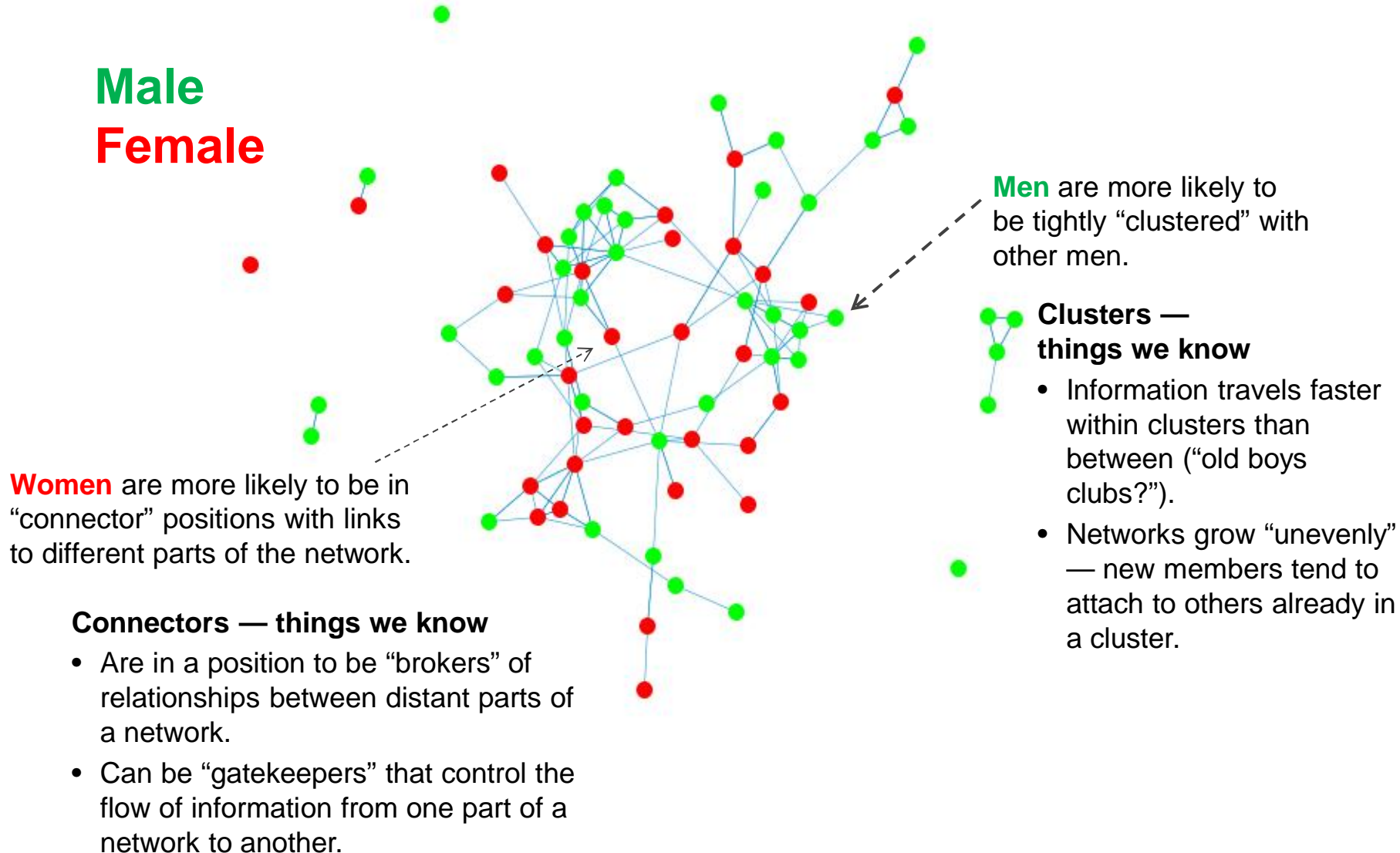
Projections Showed that this Organization Would Not Achieve Its Objectives Unless It Improved Hiring, Promotion, and Retention of Women



A Network of Senior Managers, by Gender

Case example

Male
Female



Statistical Modeling Drives Insight

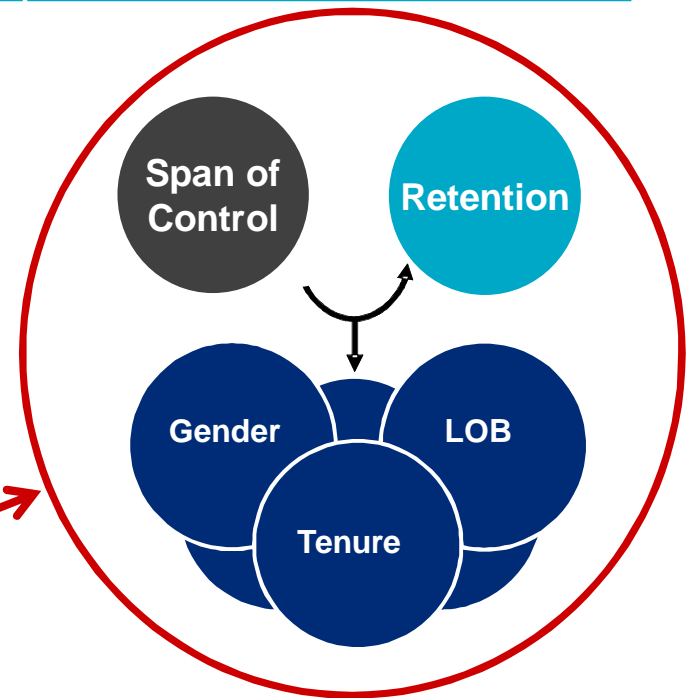
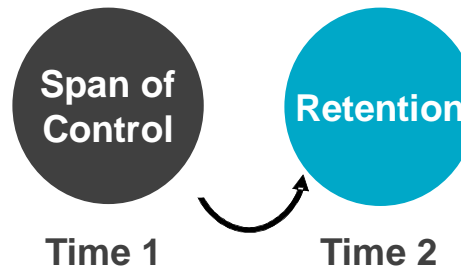
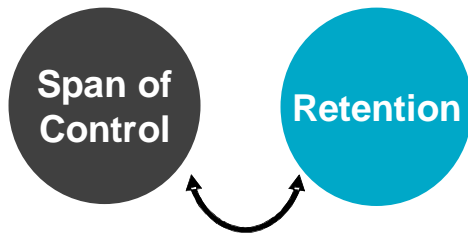
Need a disciplined approach to find evidence and drive strategy

Three conditions must be met to show that one factor drives another:

CORRELATION
The factors are related.

TIME (*Directionality*)
One *precedes* the other.

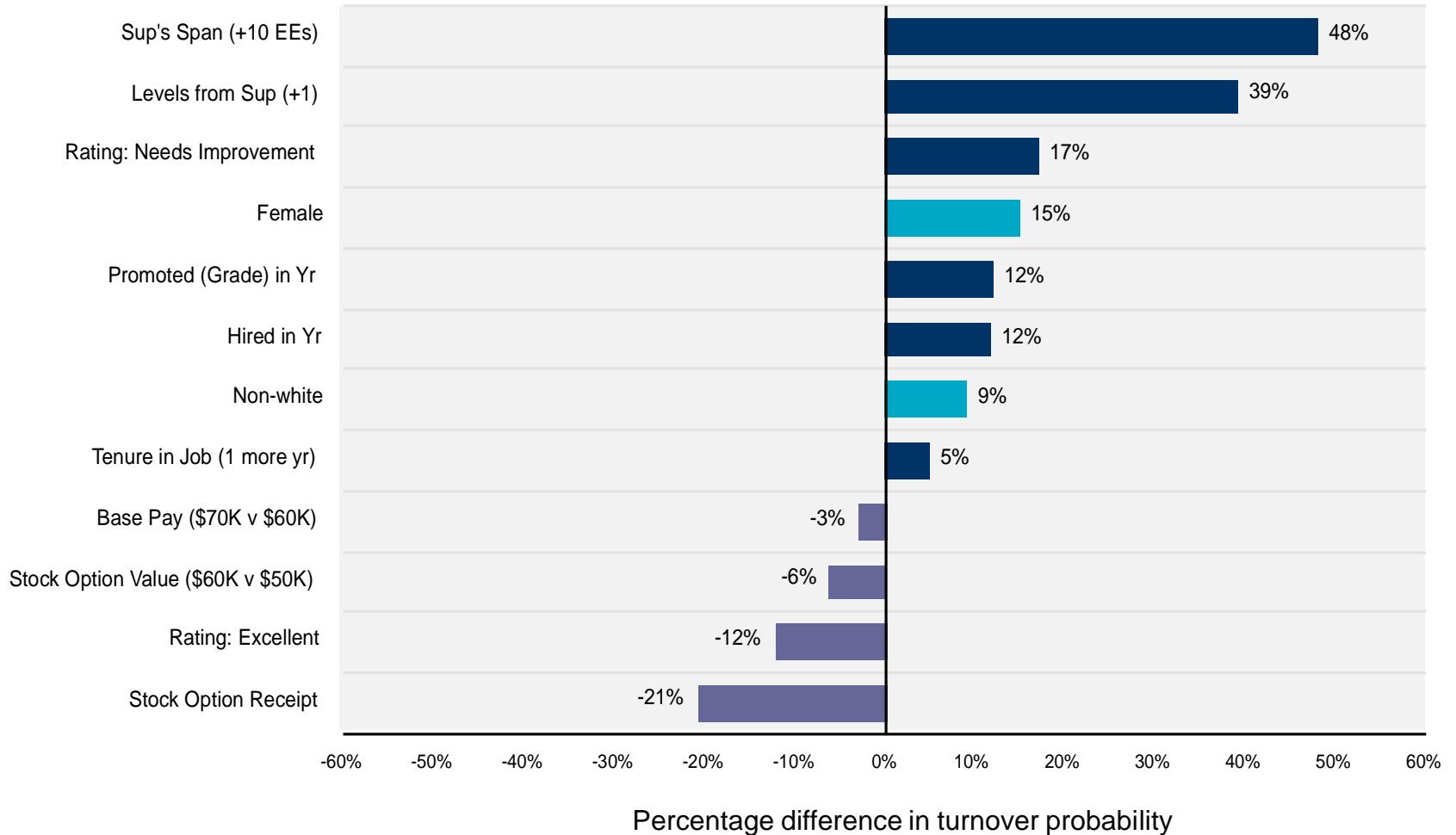
ISOLATION (*Controls*)
Other factors are *ruled*.



The key is to analyze multiple variables and then **isolate** those that **directly impact** the outcome.

What Actions Will Drive Improved Retention of Women and Minorities? Modeling the drivers of VOLUNTARY turnover

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Identifying Areas of Focus and Ensuring Program Alignment


Assessing risk at varying levels to understand systemic risk, improve diversity, reinforce desired program norms

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Pay Equity Calculator

Consider: All Employees Employees with Significant Gaps
 Un-excluded Only Excluded Only Show Both

Filter Out By: Gender Ethnicity
 Both Filter Off

GO 

Dashboard Individual View Group View Search Data

Group By: Business Unit
 View By: Gender Ethnicity

Group and Sort Export Report

Business Unit	Gender	Count	Actual Pay	%Gap in Group	Count Sig	View	Filter	Exclude
DIV 01	Male	2362	\$53,336	1.26%	59	Detail		
	Female	9203	\$30,729	-0.11%	253	Detail		
DIV 02	Male	600	\$93,939	1.48%	14	Detail		
	Female	429	\$58,429	1.90%	11	Detail		
DIV 04	Male	182	\$76,716	1.34%	6	Detail		
	Female	457	\$49,601	-0.28%	16	Detail		
DIV 05	Male	1587	\$58,365	0.82%	45	Detail		
	Female	2589	\$34,770	-0.50%	92	Detail		
DIV 06	Male	270	\$53,266	-0.81%	21	Detail		
	Female	1586	\$38,017	0.63%	89	Detail		
DIV 08	Male	407	\$55,310	-0.84%	6	Detail		
	Female	935	\$37,753	-1.38%	22	Detail		
DIV 09	Male	405	\$43,605	0.02%	4	Detail		
	Female	854	\$32,710	-0.96%	12	Detail		
DIV 10	Male	505	\$63,801	0.49%	23	Detail		
	Female	1117	\$49,675	-0.48%	41	Detail		

Record: 1 of 8

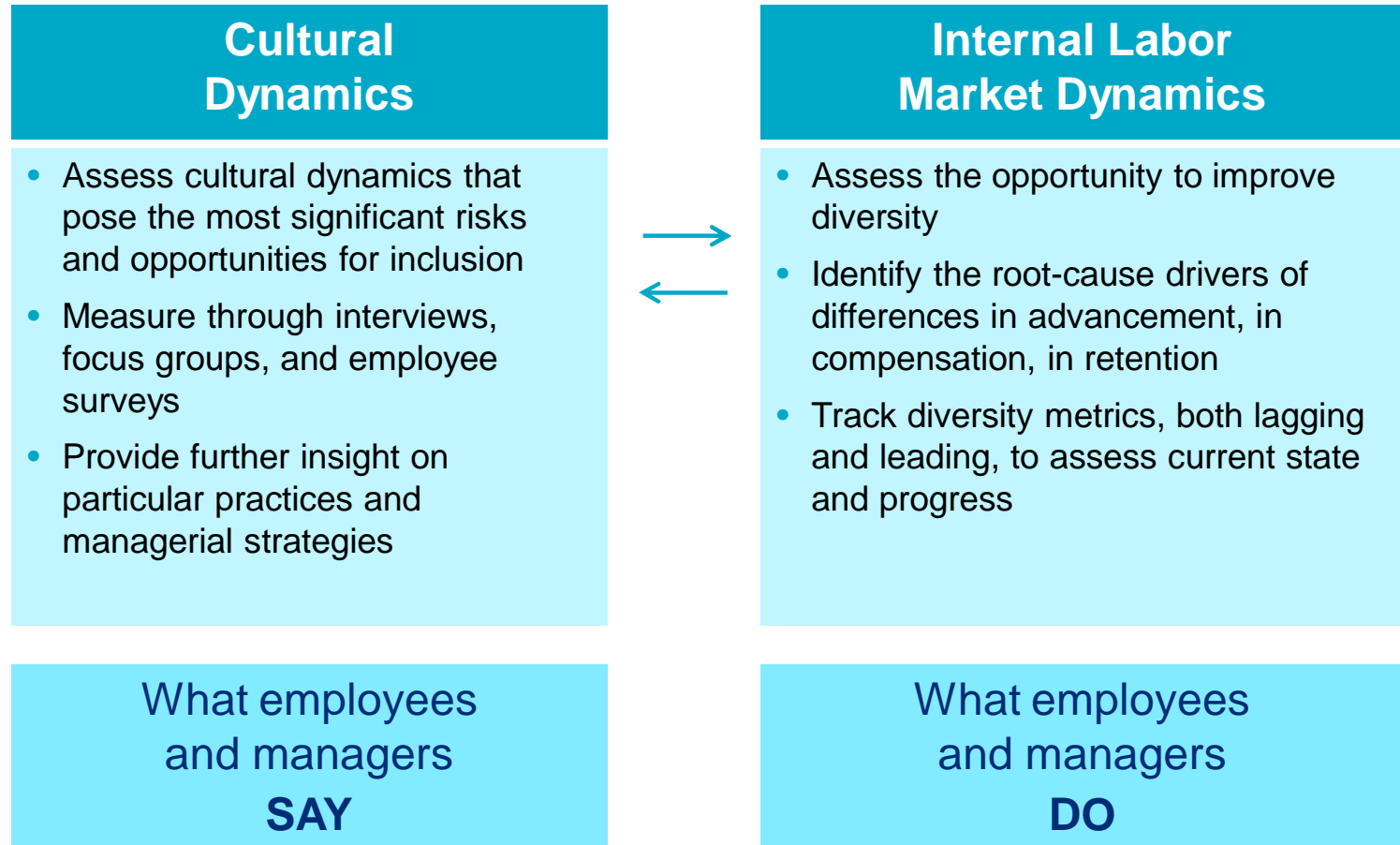
Track core metrics, both lagging and leading Diversity dashboards

CLIENT EXAMPLE



CHALLENGE #2: UNDERSTANDING CULTURAL IMPEDIMENTS AND OPPORTUNITIES

The Value of Combining Analysis of Your Internal Labor Market with Assessment of Cultural Dynamics



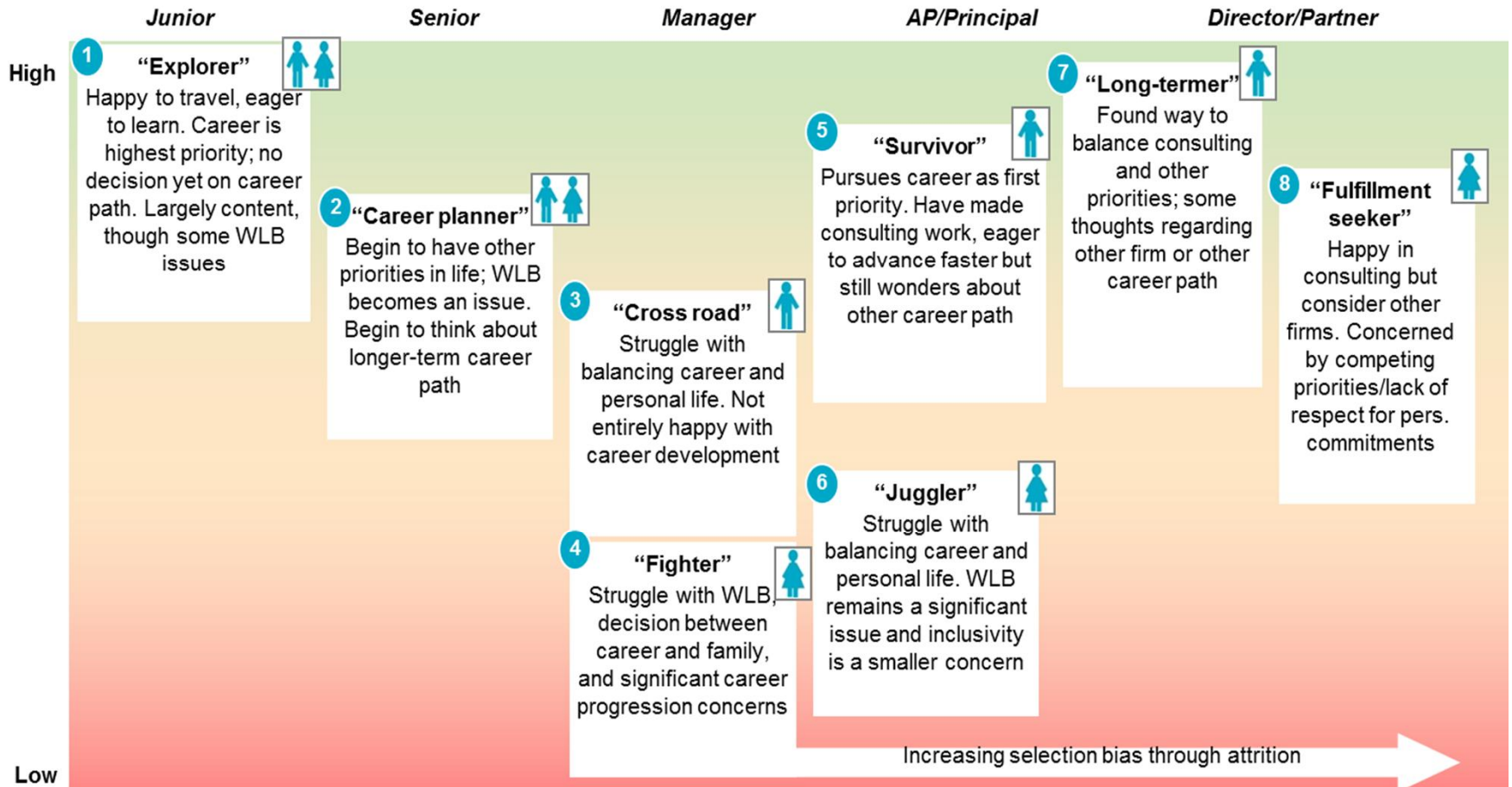
By combining what employees and managers SAY with what they DO, we can obtain a holistic understanding of the facts and can effectively prioritize actions

Culture Assessment

Qualitative research can shed light on employee experiences and perceptions throughout the life cycle

CLIENT EXAMPLE

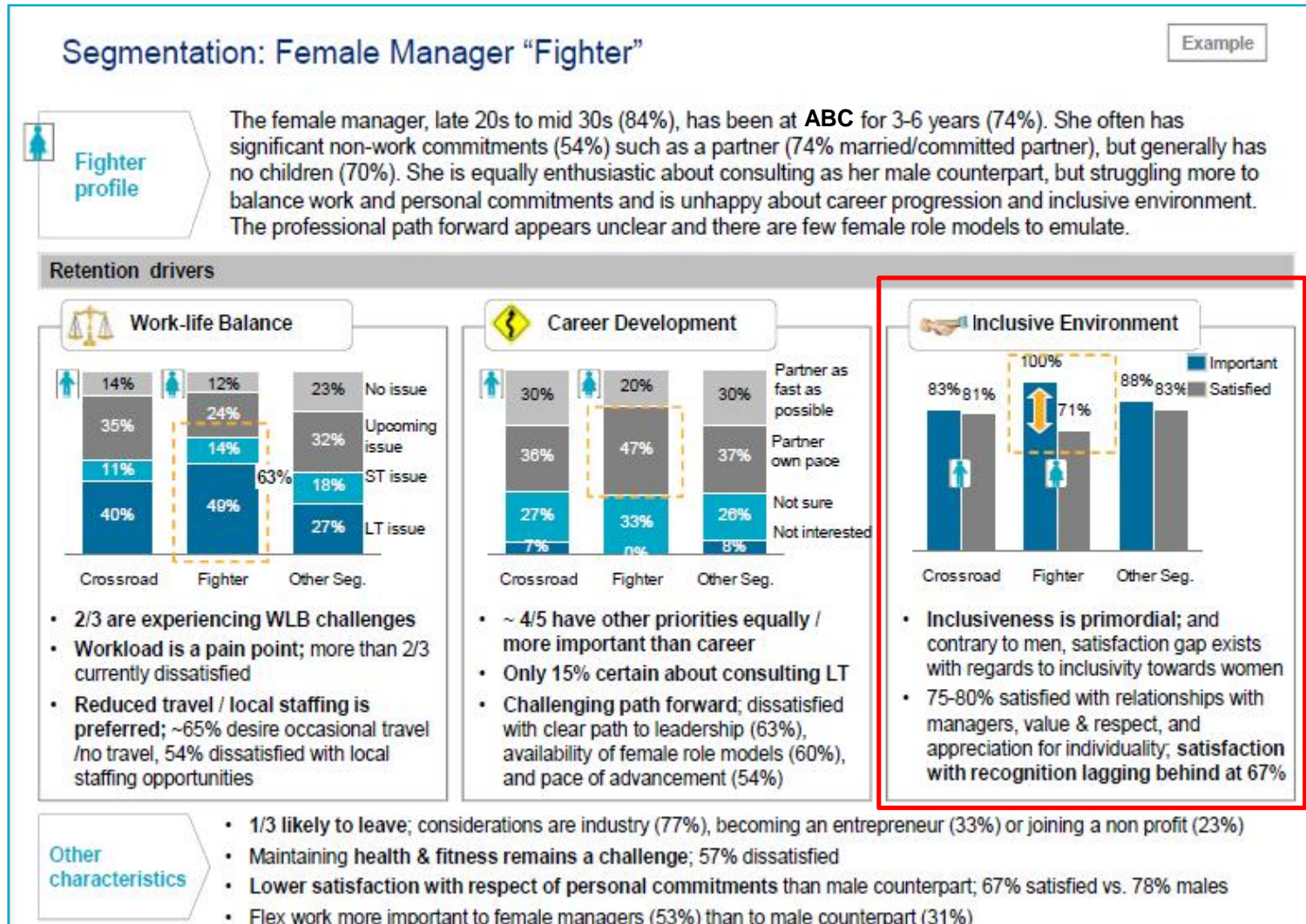
Happiness Across Career/Life Stages



Inclusion and retention study: Women at the mid-career point are least satisfied and are more likely to leave.

Culture Assessment

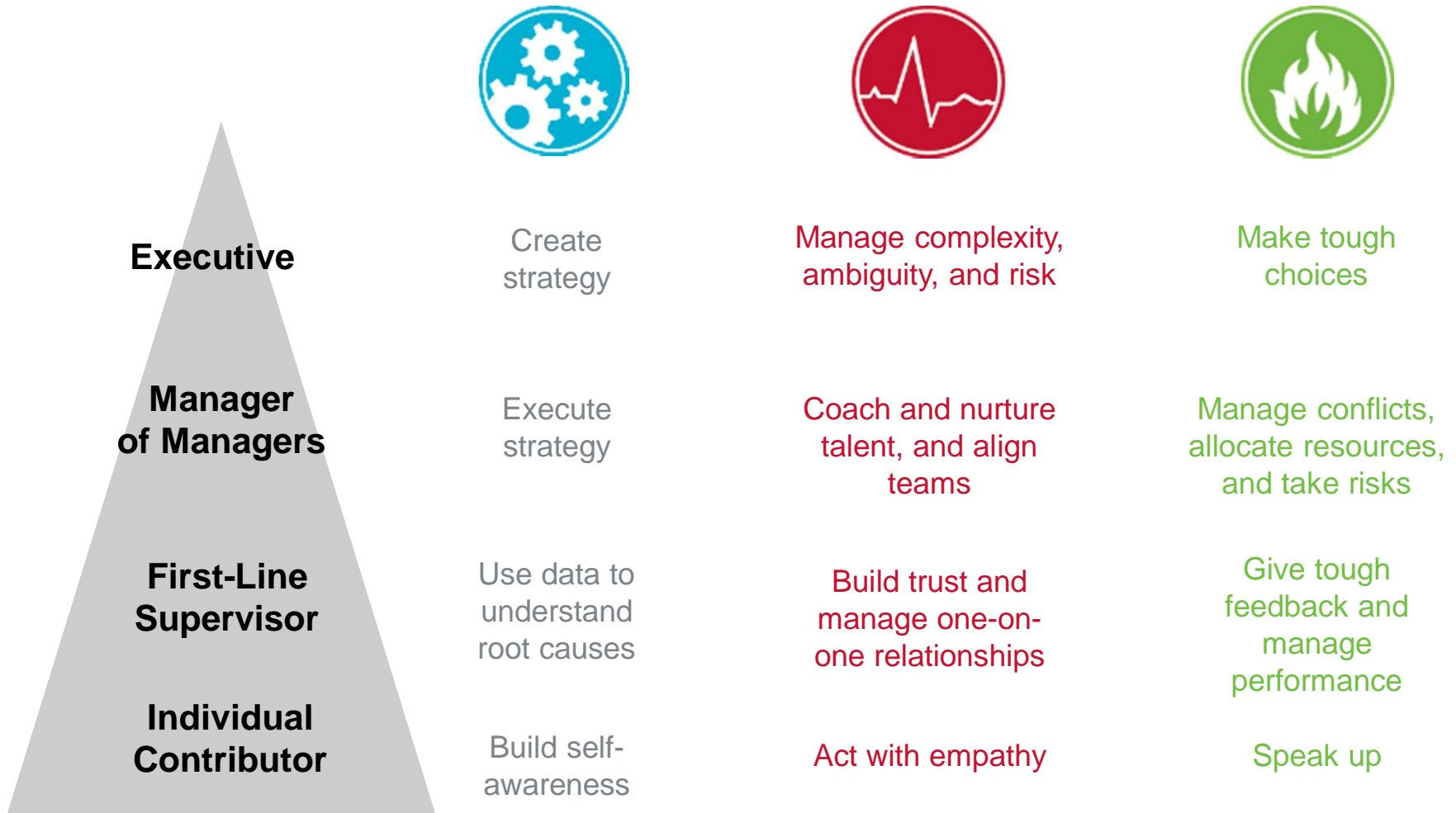
Qualitative research can be linked to “hard data analysis” to support robust strategies



CHALLENGE #3: BUILDING INCLUSIVE LEADERSHIP SKILLS

The Power of Inclusive Leadership

The Head, Heart, and Guts model



The Power of Inclusive Leadership

Cross-cultural competence is one of the most effective tools in inclusive leader's toolkit

Definition: Cross-cultural competence is the ability to discern and take into account one's own and others' worldviews; to be able to solve problems, make decisions, and resolve conflicts in ways that optimize cultural differences for better, longer-lasting, and more creative solutions

CULTURAL AWARENESS

"Me-Centered" Analysis

What are my values, beliefs, customs, traditions, styles, biases, stereotypes, and behaviors?
(Who am I?)

"Other-Centered" Analysis

What are others' values, beliefs, customs, traditions, styles, biases, stereotypes, and behaviors?

CULTURAL KNOWLEDGE

Knowledge Analysis

Why are my values, beliefs, customs, traditions, styles, biases, stereotypes, and behaviors the same or different from others?

What additional cultural knowledge, awareness, and/understanding do I need?

CULTURAL SENSITIVITY

Sensitivity Analysis

Am I open to accepting and respecting differences?
Why or why not? What are the challenges for me?

Can I avoid assigning judgments (be better or worse, right or wrong) to cultural differences? Why or why not?

CULTURAL COMPETENCY

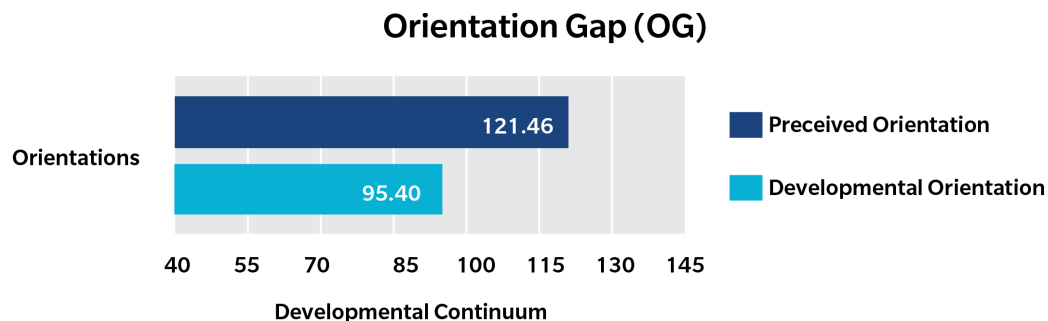
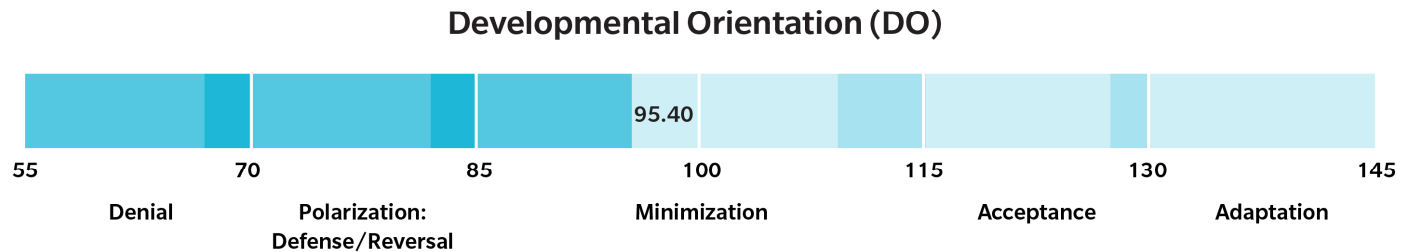
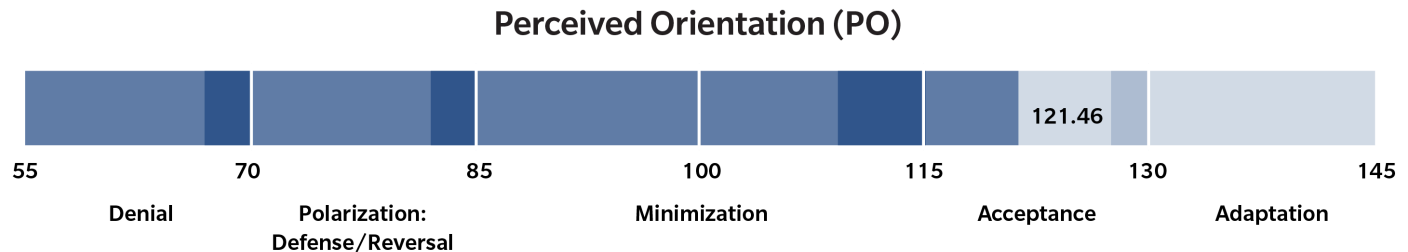
Competency Analysis

What adjustments, both in the way I think and behave, do I need to make in order to effectively operate in a different cultural cortex?
How do I realize the value that is inherent in diverse perspectives?

The Power of Inclusive Leadership

An example: The Intercultural Development Inventory® (IDI)

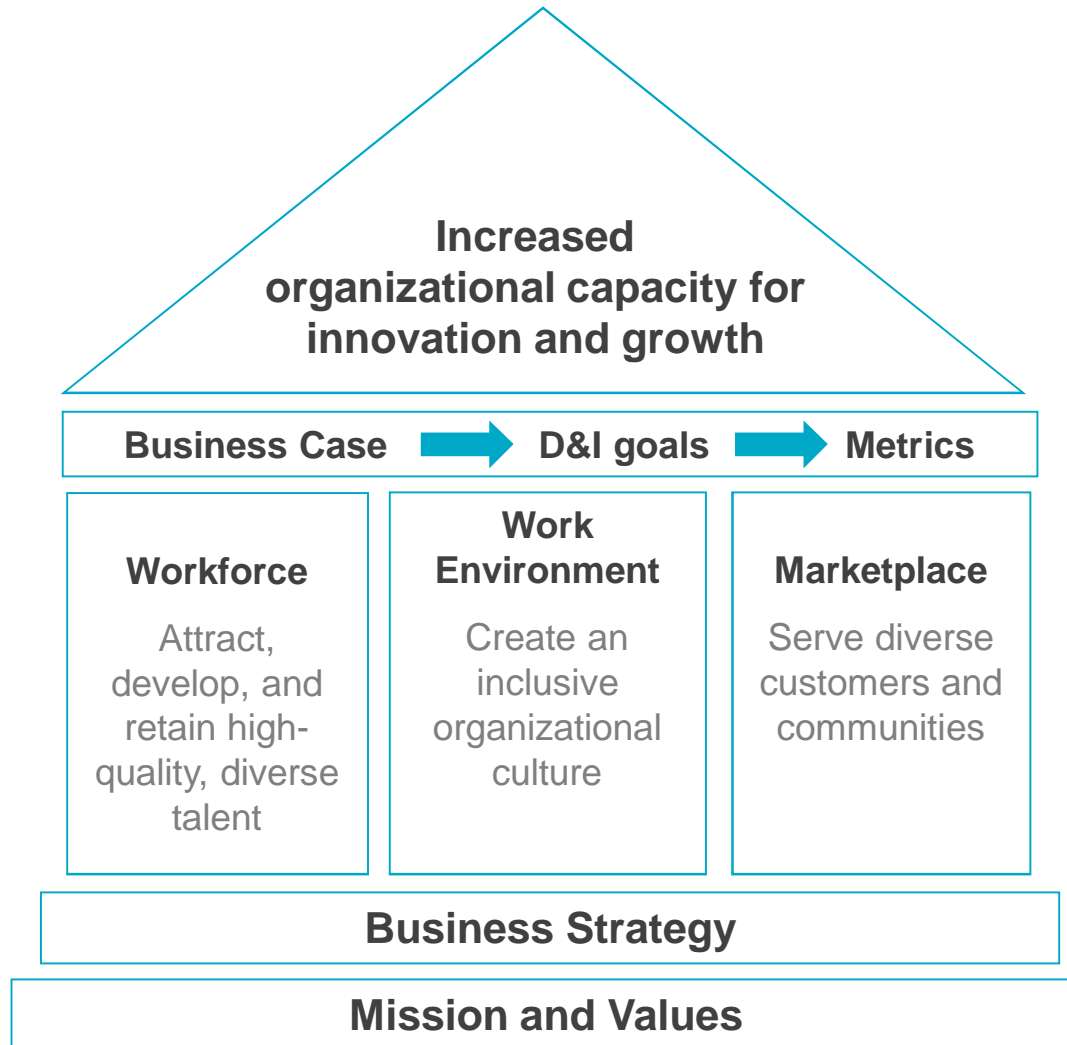
The gap shows our perceived level of intercultural sensitivity is higher than our actual level. *(This is common)*. The goal is to close that gap by increasing our cultural navigation skills.



CHALLENGE #4: SUSTAINING CHANGE

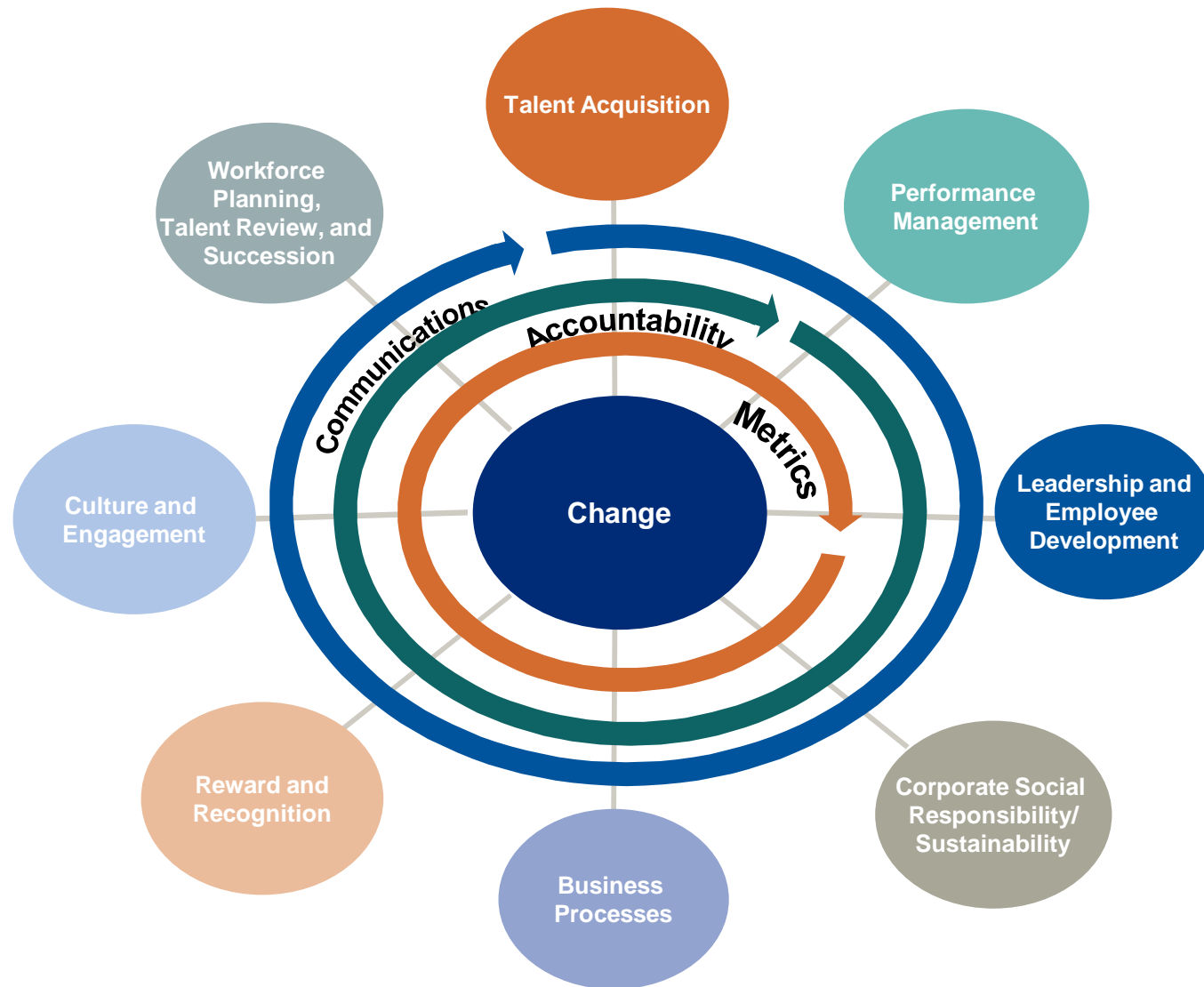
Sustaining Change

Company-specific business case, goals, and metrics are the key to success



Sustaining Change

Embedding D&I in key business and HR processes and practices



Sustaining Change

Learn from experts and peers – the power of Networks

Key Roles

- Coach
- Leader
- Change agent



Key Attributes

- Strategic thinking
- Business proficiency
- Cultural proficiency
- Analytical skills
- Systems thinking
- People management
- Political astuteness
- Process design
- Program execution
- Interpersonal insights and influence

AN INVITATION

MERCER'S 2014 GLOBAL GENDER RESEARCH — AN INVITATION

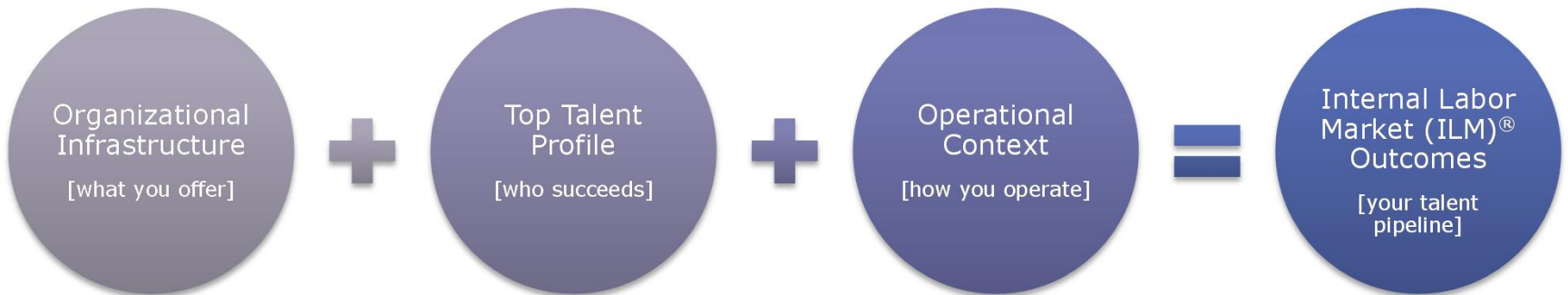
A differentiating research framework: not just “best practices”

Our study will investigate how organizations can accelerate their own representation of women and realize greater value — by linking practices to results.

From understanding how women engage in their work and move through their career to considering their unique health and financial management needs, employers must identify and respond to the critical gender issues impacting their business.

To that end, Mercer is launching a global research effort to benchmark organizational practices in these areas and assess their impact on the representation and advancement of women in the workforce.

ESSENTIAL STRATEGIES FOR TODAY'S GENDER IMPERATIVE: TALENT, HEALTH, AND FINANCIAL WELL-BEING



We will release our research findings and collaborate around solutions at Mercer's inaugural gender conference on **November 5-6, 2014**, in Washington, DC.

MERCER'S 2014 GLOBAL GENDER RESEARCH — AN INVITATION

Benefits of participation

Early, no-cost access to the full white paper report, including a custom Internal Labor Market (ILM)[®] map, which depicts talent flows for your organization and projects future representation, plus reduced-cost access to custom reports

Preferential pricing for global workplace gender equality certification through the EDGE Certified Foundation, with whom we are partnering

Recognition as a primary participating organization in research reports and at our inaugural gender conference this November 2014

**We invite you to participate in this exciting research initiative by June 30, 2014.
PLEASE SEND AN EMAIL TO LINDA.CHEN@MERCER.COM**

CLOSING / Q&A

What's Coming Up Next

Workforce analytics webcasts, workshops, and data



Webcast Series

www.mercer.com/webcastseries

- Cameco
- Experian
- John Deere
- UMass Memorial Health Care
- Johnson Controls
- Diversity & Analytics
- Value of International Assignments (June 25)



Mercer's Workforce Metrics Benchmark Reports

www.imercer.com/wmrs

- Workforce composition and retention metrics.
- 66 countries.
- 6,000+ participants.
- Regional and custom editions available.



Mercer's Global D&I Country Factbook

www.imercer.com/products/2013/diversity-factbook.aspx

Questions and Answers



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FEEDBACK

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